

AFRICA RISK CONSULTING

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Algeria Summary 31 October 2025

A United Nations Security Council (UNSC) vote on Western Sahara may isolate Algeria diplomatically. A French populist resolution to repeal a Franco-Algerian accord puts a strains on relations. Social media hashtag GenZ213 emerges, mirroring Morocco's GenZ212, raising concerns about renewed Hirak protests. The budget forecasts growth of 4.1% in 2026 and an oil price of \$60 per barrel, a dramatically reduced budget deficit despite significant social spending. Oil minister Mohamed Arkab fires state-owned oil and gas giant Sonatrach's managing director and appoints Nouraddine Daoudi in his stead. Security in Mali on Algeria's south-eastern border deteriorates sharply.

Algeria is increasingly isolated

A **United Nations Security Council (UNSC)** vote on **Western Sahara** is looming, which risks **Algeria's** diplomatic isolation. Intense **United States (US)** diplomacy looks set to favour **Morocco's** solution to Western Sahara and against Algeria's. The UNSC delayed a decision on renewing for a year its Western Saharan mandate for the **United Nations Mission for the Referendum in Western Sahara (MINURSO)** – a peacekeeping mission established 1991 with the express objective of organising a referendum on self-determination for the people of Western Sahara.

A US draft proposal – which has the backing of the **Donald Trump** (2017-2021; 2025-present) administration – supports Morocco's proposal for autonomy under Moroccan sovereignty. Trump's envoy, **Steve Witkoff**, had said the US is working on a peace deal between Algeria and Morocco. Algeria – which historically supports Western Sahara's separatists, the **Polisario Front (PF)** – is opposed to Morocco's sovereignty over Western Sahara and sees it as a colonial construct. Algeria maintains its support for the PF, rejecting the US-Morocco autonomy plan in favour of the UN's original proposal, which is a referendum that might lead to full independence. However, Morocco media report that UN secretary-general **Antonio Guterres** has criticised Algeria's reluctance to actively engage in resolving the Western Sahara conflict, despite repeated appeals. Morocco first presented its autonomy plan to the UN in 2007: it comprises a high level of devolution including a directly elected legislative executive and judicial authority in Western Sahara while Morocco would control defence, foreign affairs and religion.

Morocco's successful pan-African and Middle Eastern diplomacy has seen the country win the support for its position from the **United Kingdom (UK)**, Algeria's former colonial ruler, **France**, and Western Sahara's former colonial ruler, **Spain**, leaving Algeria isolated. The UK's [June decision](#) left Algeria feeling bitter and beleaguered, most notably because Morocco's position had won three of the five permanent UNSC member's support. Algeria's staunch support for both **Palestinian** and Sawari causes saw this isolation intensify in 2020 as Morocco and the **United Arab Emirates (UAE)** normalised relations with **Israel**. The UAE – which is increasingly exerting diplomatic, military and economic influence in the region – subsequently established a diplomatic presence in Western Sahara. Algeria is currently serving a two-year term on the UNSC and has [indicated](#) it will not support the autonomy plan, which would need at least nine votes in favour and no vetoes by **Russia**, **China**, the US, Britain or France to be adopted.

Algeria's relations with France deteriorate

The advance of the far-right as a political force in France, notably under **Rassemblement national's** **Marine Le Pen** leadership, has put France on a conflict path with Algeria's authoritarian, military

backed, if socialist-leaning government. Parliamentary support for Algerians' special immigration status has contributed to the deterioration in Franco-Algerian relations.

France's **Assemblée nationale** (parliament) passed a far-right resolution looking to repeal a Franco-Algerian accord dating back to 1968 that offers Algerians specific clauses on immigration and residence in France. In particular, Le Pen claimed that her party considers that nothing justifies continuing this agreement. The agreement was signed six years after the end of Algeria's brutal war of independence from France (1954-1962), when a labour shortage offered Algerians a fast-tracked ten-year residence permit. Close to 900,000 Algerian migrants currently live in France, according to France's **Institut national de la statistique et des études économiques (INSEE)**. The resident Franco-Algerian population is estimated at around 7 million.

Moves by the far right to close France as an avenue to employment will create heightened pressure on the Algerian government to address unemployment. Youth unemployment is at 30% while overall unemployment sits at between 11% and 12%. The emergence of a **#GenZ213**, making reference to Morocco's **GenZ212** activism disrupting business centres in across that country, has raised fears of the resumption of Algeria's youth-led **Hirak** protest movement.

Budget continues efforts to diversify away from oil

It is in this context that the finance ministry presented in mid-October its budget for 2026, which makes provision for very high social spending – but which also aims to reduce the deficit by continuing to diversify the economy away from oil and gas.

The finance bill is predicated on, and forecasts, economic growth of 4.1% in 2026, compared with 4.5% expected initially in 2025 and an oil price of \$60 per barrel between 2026 and 2028. The 2026 budget package [projects](#) total expenditures of over \$135 billion, up from \$128 billion in 2025, and \$112 billion in 2024. Total revenues projected are about \$61–62 billion for 2026, with a third of spending allocated to public servants' salaries.

Despite a substantial increase in spending – aimed at boosting economic growth and supporting household incomes – the finance ministry nevertheless expects the deficit to shrink from \$62 billion to \$40 billion – or from 35.5% to 12.4% of GDP, as the government hopes spending will fire growth in the non-oil and gas economy and bring benefits from agriculture, industry and construction.

Social spending includes increases in salaries, scholarships and unemployment benefits, along with subsidies for basic commodities and investments in housing, infrastructure and public facilities. Subsidies will be made available for necessities – notably cereals, milk, energy and sugar.

Public spending makes provision for

- building of some 310,000 houses, including 300,000 under a rent-to-own scheme and 10,000 rental units;
- construction of 430 new schools and healthcare centres;
- completion of the **Béchar-Tindouf-Gara Djebilet** line, the extension of the **Algiers** metro, tramways in several cities, and the creation of cable cars;
- the installation of 1,000 fast charging electric vehicle stations by 2028;
- the import of 10,000 new buses to modernise public transport.

As in previous years, the government will be heavily reliant on oil and gas revenues to meet its budget and investment targets. Revenue provisions are comparatively meagre. The bill introduces a tax amnesty with a 10% flat tax rate and no penalties, exemptions on essential goods, and VAT is reduced to 1% for renovation of old housing, while tax breaks for start-ups are maintained. [Measures](#) are also planned to facilitate Islamic financing and strengthen the fight against fraud, money laundering and terrorist financing, with provision for a \$10-billion paydown of the country's external debt.

Sonatrach has a new managing director

Despite efforts to diversify the country's economy away from oil and gas, the country's growing dependence on hydrocarbon revenues for social stability increases the importance of country's oil and gas diplomacy and management.

Rachid Hachichi, CEO of the 100% state-owned oil and gas giant **Sonatrach**, was [fired](#) on 26 October through an announcement on national public television. No reasons were given for his firing, although speculation is that it was in line with a broader government reshuffle that took place last month. Oil and gas minister **Mohamed Arkab** announced that **Nouraddine Daoudi** would replace him. Daoudi is the former head of the **Agence national pour la valorisation des ressources en hydrocarbures (Alnaft)** – a body whose function was to attract new investment. Hachini had been in post since 2023. Daoudi becomes the fifth managing director in as many years.

Security on south-eastern border deteriorates

As relations to its north and east are strained, the security environment on Algeria's south-eastern border areas with **Mali** – which is in the midst of an existential battle against separatists and Islamist militants – has deteriorated. Mali's prime minister, **Abdoulaye Maïga**, and Algeria's foreign minister, **Ahmed Attaf**, traded insults at the UN on 30 September during their respective speeches, reflecting rising tensions after Algeria shot down a Malian drone in April. Earlier in September, Maïga stated that Mali has taken Algeria to the **International Court of Justice (ICJ)**, accusing Algeria of aggression for shooting down the drone. **Al-Qaeda**-linked militant group **Jama'at Nusrat al-Islam wal-Muslimin (JNIM)** has successfully mounted a blockade on land-locked Mali, raising the risk that the Malian junta may be forced to negotiate a settlement and create an Islamist-influenced state on its southern border. Several western embassies have ordered their staff to evacuate Mali's capital, **Bamako**.

Planner

- 2025 **(Algeria)** Algeria and **France** to suspend 2013 French-Algerian visa pact
- 2025 **(Algeria)** Algeria set to reach deal with **United States (US)**-headquartered **Exxon and Chevron**
- 2026 **(Algeria)** National assembly elections

Chronology

- 31 Oct 2025 **New York (US)** *UN. United Nations Security Council (UNSC)* to renew its mandate for **United Nations Mission for the Referendum in Western Sahara (MINURSO)** peacekeeping mission;
- 31 Oct 2025 **Bamako (Mali)** *Al Jazeera*. A deal has been reached to free two citizens of the **United Arab Emirates (UAE)** who were kidnapped in Mali by **al Qaeda**-linked insurgents, with the group getting a hefty ransom payment in return;
- 30 Oct 2025 **Washington (US)** *Reuters*. The state department orders non-emergency employees and their family members to leave **Mali** due to safety risks, as the government there comes under increasing pressure from **al Qaeda**-linked insurgents, who are imposing a fuel blockade;
- 28 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune**, speaking at the **Luanda Summit**, reaffirms Algeria's steadfast commitment to **Africa's** development, highlighting key Algerian-backed projects – including the **Trans-Saharan Road**, the **Nigeria**-Algeria gas pipeline, and digital and rail networks – aimed at advancing continental cooperation and achieving the **African Union's Agenda 2063**;
- 26 Oct 2025 **Algiers (Algeria)** *Jeune Afrique* Oil minister **Mohamed Arkab** fires **Rachid Hachichi** as managing director of state-owned oil and gas company **Sonatrach** and replaces him with **Noureddine Daoudi**, who becomes the fifth managing director to hold the post since 2019;
- 22 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** meets with **Business Russia** chairman **Alexey Repik** to discuss economic and investment cooperation;
- 21 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. **World Association of Investment Promotion Agencies (WAIPA)** members unanimously elect the **Algerian Investment Promotion Agency (AAPI)** to chair WAIPA's **Middle East and North Africa (MENA)** regional office;
- 20 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. Army general **Saïd Chanegriha** attends the opening of the **International Aerospace and Defense Exhibition (ADEX 2025)** in **South Korea** in a bid to strengthen military cooperation;
- 16 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign minister **Ahmed Attaf** attends the **Non-Aligned Movement (NAM) Ministerial Committee** meeting on **Palestine**, emphasising the need for NAM to adopt a new approach to global security and development challenges;
- 15 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. Finance ministry presents the 2026 **Finance Bill**, which predicts economic growth of 4.1% in 2026 and 4.4% in 2027;
- 8 Oct 2025 **Algiers (Algeria)** *Algeria Press Service*. **Slovenia's** deputy prime minister, **Tanja Fajon**, says political and economic cooperation between Algeria and Slovenia is advancing rapidly, highlighted by the launch of their first joint governmental committee;
- 6 Oct 2025 **Algiers (Algeria)** *Morocco World News*. **United Nations (UN)** secretary-general **Antonio Guterres** highlights Algeria's reluctance to actively engage in resolving the **Western Sahara** conflict, despite repeated appeals for cooperation;

29 Sep 2025 **Algiers (Algeria)** *Algeria Press Service*. **United States (US)** deputy secretary of state **Christopher Landau** states that the US is eager to strengthen economic relations with Algeria, highlighting the opportunities available for both nations;

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